

Case Studies - Retail Acquisitions

Sprout Brook Shopping Center
Paramus, New Jersey

Acquisition: Sprout Brook Shopping Center, Paramus, NJ
Price: \$11.79 million

In July 2008, Cofinance Inc. completed the purchase of Sprout Brook Shopping Center ("Sprout Brook") located on Route 17 North immediately preceding the northern most feeder road (A&S Drive) to Paramus Park Mall in Paramus, New Jersey.

Sprout Brook, built in 1986, is a multi-tenant retail building totaling 21,899 SF occupied by national tenants including Vitamin Shoppe, Verizon and Jenny Craig. **Through a networked broker relationship the Property was brought directly to Cofinance allowing them to circumvent a formal marketing process.**

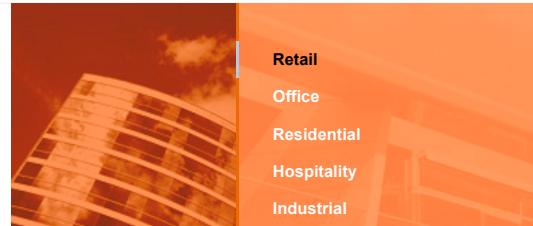
Cofinance purchased the site with the intent of upgrading the Property's signage and releasing the former Harvey Electronics' store, which closed due to a bankruptcy, at market rents. While in contract, Cofinance entered into a settlement agreement with an adjoining property owner and the town on a lawsuit initiated by the seller. The settlement provided Cofinance permanent access to the adjoining property to install directional signage and required said landowner to replace the trees along the two properties to significantly improve Sprout Brooks' visibility to the road. Also, while in contract, Cofinance signed a 10-year lease with Pearle Vision Center for approximately one-third of the former Harvey Electronics' store at rents \$6 PSF greater than Harvey Electronics rent.

Investment Highlights

- Located in Bergen County, the most populous county in New Jersey, on Route 17 with traffic counts in excess of 140,000 cars per day.
- Seller provided a two-year rent guaranty, secured by cash at closing, for a tenant in bankruptcy occupying 38.5% of the property.
- Secured a first mortgage through one of the largest commercial banks in the world.
- Leveraged IRR is projected to be 22.34% within a three (3) year period.

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Retail

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"We are excited to have acquired such a well-maintained retail center with prime access and visibility...in one of the premier retail corridors in NJ...Retail properties trade infrequently along Route 17 and Route 4 with no recorded trades in over two years"

- Jim Maurer
President, Cofinance Inc.



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